



United States Department of Agriculture
Food and Nutrition Service

Southeast Region

Reply to

Attn. of: SERO Policy

October 27, 2004

Subject: Policy Memorandum 226.07-05: Allowability of Cost for Directors and Officers Insurance in the Child and Adult Care Food Program

To: All State Directors
Child and Adult Care Food Program (CACFP)
Southeast Region

This memorandum addresses the allowability of "Directors and Officers" (D&O) insurance as an administrative cost in the CACFP.

The cost of D&O insurance is an allowable CACFP administrative cost, provided that the following conditions apply:

- (1) The insurance policy actually provides liability coverage for activities related to the CACFP (many policies specifically exclude coverage related to the administration of a Federal program); and
- (2) If the policy also provides coverage for non-CACFP liability, the CACFP share of the cost must be properly allocated.

While D&O insurance is an allowable cost as described above, we believe it is important for institutions that purchase such insurance to be fully aware of all provisions and exclusions in any policy they consider.

Please notify your institutions and implement this policy as appropriate. If you have any questions, please contact this office.

PEGGY FOUTS
Regional Director
Special Nutrition Programs

Ref: Issued by CND CACFP #2-04 09/24/04